

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 1510 – SB 1709

February 9, 2016

SUMMARY OF BILL: Permits the child of a state employee or public school teacher receiving the higher education tuition discount pursuant to Tenn. Code Ann. 8-50-115 and 49-7-119, respectively, to continue to receive the discount for graduate studies, if the child has completed undergraduate studies within four years of first receiving the discount. Requires the tuition discount for graduate-level credit hours attempted to equal the amount that would be received for the same number of undergraduate credit hours.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue - \$241,100/TBR/FY16-17

\$252,600/UT/FY16-17

Exceeds \$247,900/TBR/FY17-18 and Subsequent Years

Exceeds \$260,100/UT/FY17-18 and Subsequent Years

Assumptions relative to the Tennessee Board of Regents:

- In the FY14-15, the Tennessee Board of Regents (TBR) granted tuition discounts to 5,995 full-time equivalent (FTE) undergraduate students as the result of the tuition discounts granted to such students pursuant to Tenn. Code Ann. § 8-50-115 and Tenn. Code Ann. § 49-7-119.
- TBR estimates that 423 undergraduate students who receive the current tuition discount for dependents of public school teachers and state employees will pursue graduate studies at a TBR institution. This number is assumed to remain constant.
- Based on data from TBR relative to the current undergraduate tuition discount and the average course credits taken by TBR graduate students, the estimated average tuition discount for graduate students will be \$570 per student in FY16-17 and will exceed \$586 per student in FY17-18 and subsequent years.
- The decrease in state revenue for the proposed graduate student discount to TBR in FY16-17 is estimated to be \$241,110 (423 students x \$570); and is estimated to exceed \$247,878 (423 x \$586) in FY17-18 and subsequent fiscal years.


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Assumptions relative to the University of Tennessee System:

- The University of Tennessee (UT) estimates that 577 UT graduate students received an undergraduate tuition discount pursuant to Tenn. Code. Ann. § 8-50-115 and Tenn. Code Ann. § 49-7-119.
- Based on information from UT, at least half of the graduate students who received a tuition discount as an undergraduate student (or 289) received their bachelor's degree in four years or less.
- An estimated 289 students will receive a graduate studies tuition discount in FY16-17. The number of students receiving a graduate studies discount is estimated to increase in FY17-18 and subsequent years.
- The average full-time equivalent (FTE) course load for an undergraduate student is estimated to be 15 credit hours per FTE.
- The average FTE course load for a graduate student is estimated to be 12 credit hours per FTE.
- The average tuition discount for an undergraduate student FTE at UT in FY14-15 was \$1,029. Assuming a tuition increase of three percent per year; the undergraduate tuition discount at UT per FTE is estimated to be \$1,092 $[(\$1,029 \times 103.0\%) \times 103.0\%]$ in FY16-17 and is estimated to exceed \$1,125 $(\$1,092 \times 103.0\%)$ in FY17-18 and subsequent fiscal years.
- Since the average graduate school FTE course load is assumed to be 12, and not 15, each graduate tuition discount for undergraduate students will be reduced by a factor of 80.0 percent (12/15) or 0.8.
- The average tuition discount per FTE graduate student in FY16-17 is estimated to be \$874 $(\$1,092 \times 0.8)$ and is estimated to exceed \$900 $(\$1,125 \times 0.8)$ per FTE in FY17-18 and subsequent years.
- The decrease in state revenue for the proposed graduate student discount to UT in FY16-17 is estimated to be \$252,586 $(289 \times \$874)$; and is estimated to exceed \$260,100 $(289 \times \$900)$ in FY17-18 and subsequent fiscal years.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

/rbp